LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd

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FEDERAL COURT (PUTRAJAYA) — CIVIL APPEAL NO 02()-22 OF 2011 (W)
ZULKEFLI CJ (MALAYA), HASHIM YUSOFF AND AHMAD MAAROP FCJJ
9 FEBRUARY 2012

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Trade Marks — Application to expunge from register — Registered mark — Applicant infringed registered mark — Whether applicant thereby lost locus standi and bona fides to apply to expunge mark — Whether effective period of use of mark by registered user could pre-date date of application for registration of registered user — Whether terms of licensing agreement between proprietor of mark and intended user should be given effect to

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The appellant was in the business of making and selling cakes, biscuits, bread, buns, sweets and other food-stuff. Among its produce was a cream-filled bun which it had promoted and sold under the mark 'Squiggle' since November 2007. The respondent, a Singapore listed company involved in the bakery and food manufacturing business, was the registered proprietor of the trademark 'Squiggles' which was registered on 20 August 2004. The mark was used for its cream-filled buns. The respondent owned a subsidiary company, Gardenia Bakeries (KL) Sdn Bhd ('Gardenia'), to which it granted, via a licensing agreement, the rights to, inter alia, use the respondent's trademarks, including the mark 'Squiggles', on bread and bakery products manufactured by Gardenia and to produce, sell and distribute bread and bakery products bearing trademarks owned or acquired by the respondent. Gardenia had used the mark 'Squiggles' in Malaysia since 2003 upon the signing of the said licensing agreement although it was issued a certificate of registered user only on 8 April 2008. Two applications came before the High Court filed by the respective parties — the appellant's application to expunge the respondent's 'Squiggles' trademark pursuant to s 46(1)(b) of the Trade Marks Act 1976 ('Act') and the respondent's application for a trade descriptions order pursuant to s 16(1) of the Trade Descriptions Act 1972 in relation to its use of the mark 'Squiggles'. Both the High Court and, on appeal, the Court of Appeal, decided the two applications in the respondent's favour. The appellant sought, and obtained, leave of the Federal Court to appeal only against the dismissal of its application to expunge. The appellant claimed (i) it was a 'person aggrieved' under s 46(1)(b) of the Act as it could not lawfully use the trademark of its choice due to the existence of the respondent's registered trademark (ii) that for a continuous period of three years prior to the one month before the application to expunge was made, neither the respondent nor its registered user of the mark had used the mark in good faith and (iii) under the Act, the effective date of the

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period of use of the registered trademark by Gardenia could not be backdated to a date prior to the date of Gardenia's registration as a registered user of the mark. Both the High Court and Court of Appeal held the appellant had infringed and passed off the respondent's registered trademark. Accordingly, the appellant could not be considered a 'person aggrieved' under s 46(1) of the Act and it had no locus standi to commence and maintain the application to expunge. The courts also held there was continuous use of the respondent's registered trademark both by Gardenia as registered user as well as by the respondent by reason of Gardenia's use of the mark as its licensee.

Held, dismissing the appeal with costs:

(1) Applying the principle of construction in *bonam partem* the appellant could not be regarded as being a bona fide 'person aggrieved' or a person who was lawfully aggrieved for the purposes of s 46(1)(b) of the Act. Even before its application to expunge, the appellant had been unlawfully using the infringing mark 'Squiggle' which was confusingly similar to the respondent's registered trademark (see para 18).

(2) A 'person aggrieved' under s 46(1) of the Act need not be a person with any specific right but someone with simply a bona fide intention to use a trademark that was registered but which had not been used by the registered proprietor or any registered user for a continuous period of not less than three years up to one month before the date of an application to expunge under s 46(1)(b) of the Act (see para 14).

(3) As to Gardenia's use of the mark as the respondent's licensee being equated to use by the respondent, the trial court was right in holding the contractual activities between the respondent and Gardenia were undeniable and not refuted. Accordingly, those activities must amount to use and attributed to the respondent even if Gardenia was not the 'registered user' in the context of s 48 of the Act (see para 21).

(4) The effective period of use of a mark by a registered user may pre-date the date of application for registration of a registered user. Nothing in s 46 of the TMA or reg 81(2)of the Trade Marks Regulations 1997 precluded the use of a trademark by a registered user from being retrospectively in force before the date of application to register the registered user (see paras 26–27).

(5) Section 48 of the Act must be applied purposefully and meaningfully and meet commercial realities and objectives. It could not be right that a 'registered user' status, including the recognised period of use, took effect only on the date of registration of the user status. Section 48(1) clearly recognised the pre-existence of the licensing agreement between the proprietor and the intended user (see para 27).

[Bahasa Malaysia summary

Perayu mempunyai perniagaan membuat dan menjual kek, biskut, roti, *bun*, manisan dan barang makanan yang lain. Antara barang-barangan yang dikeluarkannya adalah *bun* berisi krim yang dipromosi dan dijual di bawah tanda 'Squiggle' semenjak November 2007. Responden, syarikat yang disenaraikan di Singapura, terlibat dalam perniagaan pembuatan bakeri dan makanan, adalah tuan punya berdaftar tanda dagangan 'Squiggles' yang telah didaftarkan pada 20 Ogos 2004. Tanda tersebut digunakan untuk *bun* berisi krimnya. Responden memiliki syarikat subsidiari, Gardenia Bakeries (KL) Sdn Bhd ('Gardenia'), syarikat yang mana ia berikan, melalui, perjanjian berlesen, hak-hak untuk, antara lain, menggunakan tanda dagangan responden, termasuk tanda 'Squiggles', atas roti dan barangan bakeri yang dikilangkan oleh Gardenia dan untuk mengeluarkan, menjual dan mengagihkan roti dan barangan bakeri menggunakan tanda dagangan yang dimiliki dan diperolehi oleh responden. Gardenia telah menggunakan tanda 'Squiggles' di Malaysia semenjak 2003 selepas menandatangani perjanjian berlesen tersebut walaupun ia diberikan sijil pengguna berdaftar hanya pada 8 April 2008. Dua permohonan yang dikemukakan di hadapan Mahkamah Tinggi difailkan oleh pihak masing-masing — permohonan perayu untuk memotong tanda dagangan 'Squiggles' responden berikutan s 46(1)(b) Akta Cap Dagangan 1976 ('Akta') dan permohonan responden untuk perintah perihal dagangan berikutan s 16(1) Akta Perihal Dagangan 1972 berkaitan penggunaannya terhadap tanda 'Squiggles'. Kedua-dua Mahkamah Tinggi dan, atas rayuan, Mahkamah Rayuan, memutuskan kedua-dua permohonan memihak responden. Perayu memohon, dan memperolehi keizinan Mahkamah Persekutuan untuk merayu hanya terhadap penolakan permohonannya untuk memotong. Perayu mendakwa (i) ia adalah 'person aggrieved' di bawah s 46(1)(b) Akta memandangkan ia tidak boleh dari segi undang-undang menggunakan tanda dagangan pilihannya akibat kewujudan tanda dagangan berdaftar responden (ii) bahawa untuk tempoh berlanjutan tiga tahun sebelum satu bulan sebelum permohonan untuk memotong dibuat, bukan responden ataupun pengguna berdaftar tanda telah menggunakan tanda dengan suci hati dan (iii) di bawah Akta, tarikh berkuat kuasa tempoh penggunaan tanda dagangan berdaftar tersebut oleh Gardenia tidak boleh diawalkan kepada tarikh sebelum tarikh pendaftaran Gardenia sebagai penguna berdaftar tanda tersebut. Kedua-dua Mahkamah Tinggi dan Mahkamah Rayuan memutuskan yang perayu telah melanggar dan mengelirupaan tanda dagangan berdaftar responden. Oleh itu, perayu tidak boleh dipertimbangkan sebagai 'person aggrieved' di bawah s 46(1) Akta dan ia tidak mempunyai locus standi untuk memulakan dan mengekalkan permohonan untuk memotong. Mahkamah-mahkamah tersebut juga memutuskan bahawa terdapat penggunaan berterusan tanda dagangan berdaftar responden oleh kedua-dua

Gardenia sebagai pengguna berdaftar dan juga oleh responden atas alasan pengunaan tanda oleh Gardenia sebagai pemegang lesennya.

Diputuskan, menolak rayuan dengan kos:

(1) Mengguna pakai prinsip tafsiran *bonam partem* perayu tidak boleh dianggap sebagai 'person aggrieved' bona fide atau seseorang secara sah terkilan bagi tujuan s 46(1)(b) Akta. Walaupun sebelum permohonan untuk memotong, perayu telah dengan salah dari segi undang-undang mengguna tanda pelanggaran 'Squiggle' yang mana serupa kepada tanda dagangan berdaftar responden (lihat perenggan 18).

(2) 'person aggrieved' di bawah s 46(1) Akta tidak perlu seseorang yang mempunyai hak spesifik tetapi seseorang yang hanya mempunyai niat bona fide untuk mengguna tanda dagangan yang didaftar tetapi tidak digunakan oleh pemilik berdaftar atau mana-mana pengguna berdaftar untuk tempoh berlanjutan tidak kurang daripada tiga tahun sehingga satu bulan sebelum tarikh permohonan untuk memotong di bawah s 46 Akta tersebut (lihat perenggan 14).

(3) Mengenai penggunaan tanda oleh Gardenia sebagai pemegang lesen responden yang disamakan untuk digunakan oleh responden, mahkamah perbicaraan betul dalam memutuskan aktiviti-aktiviti kontrak di antara responden dan Gardenia tidak dapat dinafikan dan tidak disangkal. Oleh itu, aktiviti-aktiviti tersebut mesti merupakan penggunaan dan diberikan kepada responden walaupun Gardenia bukan 'registered user' dalam konteks s 48 Akta (lihat perenggan 21).

(4) Tempoh efektif penggunaan tanda oleh pengguna berdaftar mungkin pra-tarikh tarikh permohonan untuk pendaftaran pengguna berdaftar. Tiada apa-apa di dalam s 46 Akta atau peraturan 81(2) Peraturan-Peraturan Cap Dagangan 1997 menghalang penggunaan tanda dagangan oleh pengguna berdaftar daripada secara retrospektif berkuat kuasa sebelum tarikh permohonan untuk mendaftar pengguna berdaftar (lihat perenggan 26–27).

(5) Seksyen 48 Akta mesti diaplikasikan secara berwawasan dan bermakna dan menepati realiti komersial dan objektif. Ia adalah tidak betul bahawa status 'registered user', termasuk tempoh penggunaan yang diiktiraf, hanya berkuat kuasa pada tarikh pendaftaran status penggunaan. Seksyen 48(1) jelas mengiktiraf pra-kewujudan perjanjian berlesen di antara pemilik dan pengguna yang diniatkan (lihat perenggan 27).]

Notes

For cases on registered mark, see 12 *Mallal's Digest* (4th Ed, 2011 Reissue) para 2236.

Cases referred to

E-Toyo Global Stationery Sdn Bhd v Toyo Ink Sdn Bhd & Ors; the Registrar of Trade Marks (interested party) [2005] 1 MLJ 445; [2004] 7 CLJ 368, HC (refd)

McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741, FC (refd)

Legislation referred to

Trade Description Act 1972 s 16(1)
Trade Marks Act 1976 ss 46, 46(1), (1)(b), 48, 48(1), (2), 49, 50, 51, 52
Trade Marks Regulations 1997 reg 81(2)

Appeal from: Civil Appeal No W-02–888 of 2008 (Court of Appeal, Putrajaya)

Gan Khong Aik (Tai Foong Lam with him) (Gan Partnership) for the appellant.
Darryl SC Goon (YH Loke with him) (Raja, Darryl & Loh) for the respondent.

Zulkefli CJ (Malaya) (delivering judgment of the court):

INTRODUCTION

[1] This is an appeal by the appellant against the decision of the Court of Appeal in dismissing the appellant's appeal against the decision of the High Court. There were two applications before the High Court filed by the respective parties. The appellant's application was to expunge the respondent's registered trademark 'squiggles' pursuant to s 46(1)(b) of the Trade Marks Act 1976 ('TMA') ('application to expunge'). The respondent's application was for a trade descriptions order pursuant to s 16(1) of the Trade Description Act 1972 ('application for TDO') in respect of the respondent's use of the mark 'squiggles'. Both applications were heard together in the High Court and on appeal at the Court of Appeal. Both applications were decided in favour of the respondent at the High Court and Court of Appeal. The application to expunge was dismissed against the appellant with costs. The application for TDO was allowed.

LEAVE TO APPEAL

[2] Leave to appeal to this court was granted on the following questions:

Question 1
Whether for the purpose of s 46(1)(b) of the Trade Marks Act 1976, the court must first decide the competing rights of the parties involved before it decides whether an applicant is a 'person aggrieved' under s 46 of the same Act.

A Question 2
Whether for the purpose of s 46(1)(b) of the Trade Marks Act 1976, the 'registered user' referred to in the said s 46(1)(b) includes a person who has obtained a license to use the registered trademark but not registered as a registered user pursuant to s 48(1) of the Trade Marks Act 1976.

B Question 3
Whether for the purpose of s 46(1)(b) of the Trade Marks Act 1976 the effective period of the permitted use of a registered trademark by a user under s 48(1) of the Trade Marks Act 1976 read together with the reg 81(2) of the Trade Mark Regulation 1997 may predate the application as
C 'registered user' under s 48(1) of the Trade Marks Act 1976.

[3] The appeal to this court relates only to the appellant's application to expunge. The appellant did not seek leave to appeal against the order of the Court of Appeal dismissing its appeal in relation to the application for TDO.

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THE CASE FOR THE APPELLANT

[4] The appellant is a private limited company incorporated in Malaysia on 8 February 1990. It is engaged in the business of manufacturing, producing,
E dealing in all kind of cakes, biscuits, bread, sweets, buns and other food-stuff in Malaysia. The appellant contended that it had produced cream filled buns and sold these products using the trademark 'squiggle' ('infringing mark') since November 2007 and has extensively advertised and promoted it in Malaysia. It is also the appellant's contention that it is the common law owner of the mark
F 'squiggle' in Malaysia.

[5] The appellant claimed that it is the person aggrieved under s 46(1)(b) of the TMA. This is because due to the respondent's registered trademark the appellant could not lawfully use the trademark of its choice. As regard the
G merits of its case the appellant contended that up to one month before the application to expunge was made a continuous period of not less than three years had lapsed during which the respondent's trademark was a registered trademark and during which there was no use in good faith of the respondent's registered trademark by the respondent as the registered proprietor or any user
H registered by the respondent in accordance with the TMA.

[6] The appellant further claimed that the effective date of the period of use of the respondent's registered trademark by Gardenia Bakeries (KL) Sdn Bhd as the registered user under the TMA cannot be back-dated to a date prior to the
I date of its registration as registered user by the respondent.

THE CASE FOR THE RESPONDENT

[7] The respondent is a company listed on the stock exchange of Singapore.

It is primarily in the food manufacturing and bakery industry. It owns 79% of one Gardenia Bakeries (KL) Sdn Bhd ('Gardenia'). Gardenia is thus a subsidiary of the respondent. By licensing agreement dated 12 September 1996 ('licensing agreement'), the respondent claimed it granted, inter alia, the following rights to Gardenia:

(a) operate bakery plants in West Malaysia by utilising the Gardenia bakery system;

(b) use trademarks that are owned or acquired by the respondent on bread and bakery products manufactured utilising the Gardenia bakery system. This includes the respondent's registered trademark 'squiggles'; and

(c) produce, sell and distribute bread and bakery products bearing trademarks that are owned or acquired by the respondent.

[8] The respondent claimed it is the registered proprietor of the registered trademark 'squiggles' under class 30 in respect of 'bread, buns, pastry, bread rolls, confectionery, biscuits and cakes' under Trade Mark Registration No 01005742 via a certificate of registration dated 20 August 2004 ('registered trademark'). The said registration is, and has been at all times, valid and subsisting. The application for registration was made on 9 May 2001. The said registration was gazetted on 22 April 2004. The certificate of registration was issued on 20 August 2004.

[9] Gardenia is the registered user of the respondent's registered trademark 'squiggles' with an effective date of 9 May 2001–31 March 2011. The application to register Gardenia as a registered user was made on 3 April 2008. The certificate of registered user was issued on and dated 8 April 2008. The respondent claimed that Gardenia has used the registered trademark 'squiggles' in Malaysia since about 3 July 2003 upon the signing of licensing agreement and also as a registered user.

FINDINGS OF THE HIGH COURT

[10] The learned judge of the High Court in arriving at his decision made the following essential findings against the appellant:

(a) that the appellant is not a 'person aggrieved'under s 46(1) of the TMA and therefore has no locus standi to bring about the application;

(b) that there was 'use' in good faith of the registered trademark by Gardenia as the registered user and which use under the TMA is deemed to be used by the respondent as the registered proprietor;

(c) that there was 'use' in good faith of the registered trademark by the respondent as the registered proprietor through Gardenia as its licensee; and

(d) that the appellant had infringed and passed off the respondent's registered trademark.

FINDINGS OF THE COURT OF APPEAL

[11] The Court of Appeal affirmed the decision of the High Court and its findings and dismissed the appellant's appeal against the High Court's decision disallowing the appellant's application to expunge. The Court of Appeal in particular agreed with the High Court's findings that the appellant is an infringer of the registered trademark and held the view that it is contrary to the spirit of the TMA to accord the appellant, an infringer with an 'aggrieved person' tag.

DECISION

[12] It is significant to note at the outset that the appellant's infringing mark, that is 'squiggle' differs from the respondent's registered trademark 'squiggles' only in the absence of the letter 's'. Both trademarks are used in respect of the same goods, that is cream-filled buns.

[13] We shall first deal with the first question posed in this appeal. It is to be noted that learned trial judge of the High Court in determining whether the appellant is a 'person aggrieved' for the purpose of s 46(1)(b) of the TMA and whether the appellant had any rights to the registered trademark had duly considered the entire facts and circumstances of this case. Section 46(1)(b) of the TMA provides as follows:

(1) Subject to this section and to section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground —

(a) …

(b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.

[14] The threshold question for the purposes of s 46(1)(b) of the TMA is whether the applicant is a 'person aggrieved' such as to have the necessary locus standi to make the application and to invoke the court's jurisdiction. We are of the view that this is not an issue of 'competing rights' as in the way the question is posed by the appellant. A 'person aggrieved' under s 46(1) of the TMA need not be a person with any specific right. A 'person aggrieved' in this context may include someone with simply a bona fide intention to use a trademark that is registered but which has not been used by the registered proprietor or any registered user for a continuous period of not less than three years up to one month before the date of an application under s 46(1)(b) of the TMA to expunge. On this point in the case of *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741. Abdul Aziz Mohamad FCJ in delivering the judgment of this court had this to say:

> *Re Arnold D Palmer* is an authority (out of several) that is heavily relied on by the respondent to deny that the appellants are a person aggrieved. In that case, the applicant sought the removal from the register of a trademark on the ground of non-user. On whether the applicant was a person aggrieved, Chan Sek Keong JC, after considering the speeches of Lord Herschell and Lord Watson in the House of Lords in *Powell's Trade Mark* 11894111 RPC 4; f 19841 AC 8. and the manner in which subsequent judges reacted to the opinions of the said law Lords in *Lever Bros Port Sunlight Ltd v Sunniwite Products Ltd* (1949) 66 RPC 84. *'Consort' Trade Mark* [1980] RPC 160. and *Wells Farao Trade Mark* [1977] RPC 503 concluded as follows:
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> > On the basis of these decisions, it is plain that the applicant will fail in this appeal unless he can show that he has used his trademark in the course of a trade which is the same as or similar to that of the respondents or that he has a genuine and present intention to use the mark as a trademark. But the evidence shows none of these things, as the registrar has found …
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> We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trademark — *or who has a genuine and present intention to use his mark as a trademark* — in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register. (Emphasis added.)

Thus a 'person aggrieved' may have no rights at all but merely a genuine intention to use a trademark that is registered but which has not been used by the registered proprietor.

[15] In the present case the learned judge of the High Court when analysing whether the appellant was a 'person aggrieved' had rightly taken into account the conduct of the appellant. In addition, the learned judge also made a finding as to the appellant's claim to be the common law owner of the trademark 'squiggle'. On this he found that the appellant's claim was misconceived. The learned judge was in fact clearly concerned with whether the appellant may be regarded as a bona fide 'person aggrieved' for the purposes of s 46(1) of the

TMA. In considering the material facts, the learned judge took into account that the appellant was an infringer of the respondent's registered trademark 'squiggles'. The respondent's registered trademark 'squiggles' was registered on 20 August 2004 and the appellant had been using the trademark 'squiggle' on the same goods only since 2007. The learned judge also held that the appellant had not shown how it would be substantially damaged or prejudiced if the respondent's registered trademark 'squiggles' were to remain on the register.

[16] It is noted that the learned judge did actually make a finding that the appellant had no right to the trademark 'squiggle' and thus there is no 'competing right' between the appellant and the respondent to be considered. In his judgment, the learned judge held:

> Lian Bee's contention of being the common law owner and proprietor of the mark 'squiggle' is misconceived. The court is satisfied that, that mark is in itself an infringement of the registered trademark and a passing off on the goodwill and reputation associated with it. Not anybody can be an 'aggrieved person' for the purpose of s 46 of the TMA. He must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered trademark. The interest and right must be legal or lawful. It does not apply to an infringer of the said registered trademark.

[17] We are in agreement with the learned judge's findings that as an infringer and as to what may be regarded as a 'policy' ground, the appellant cannot be regarded as a 'person aggrieved' for the purposes of s 46(1) of the TMA. There is a juristic support for this 'policy' approach by the leaned judge which was upheld by the Court of Appeal. As a matter of statutory interpretation, the courts have long applied the principle of construction in *bonam partem*. On this point a useful reference can be made to *Bennion on Statutory Interpretation*, (5th Ed), Lexis Nexis, 2005 at p 792 wherein a passage is reproduced as follows:

> Construction in *bonam partem*. In pursuance of the principle that law should serve the public interest, the courts have evolved the important technique known as construction in bonam partem (in good faith). If a statutory benefit is given on a specified condition being satisfied, *it is presumed that Parliament intended the benefit to operate only where the required act is performed in a lawful manner.*
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> *Construction in bonam partem is related to three specific legal principles. The first is that a person should not benefit from his own wrong.* Next is the principle *allegans suam turpitudinem non est audiendus. If a person had to prove an unlawful act in order to claim the statutory benefit, this maxim would preclude him from succeeding.* The third related principle is stated by Coke in the words *ubi quid generaliter conceditur inest haec exceptio si non aliquid sit contra jus fasque (where a grant is in general terms there is always an implied provision that it shall not include anything which is unlawful or immoral)*. (Emphasis added.)

[18] In accordance with the principle of construction in *bonam partem*, it is noted that the learned trial judge had found that the appellant had been infringing the registered trademark 'squiggles' since 2007. The registered trademark 'squiggles' was registered on 20 August 2004. Until its expungement, the registered trademark remains a registered trademark. In this case, even before the application for expungement, the appellant had unlawfully been using the infringing mark 'squiggle' which is confusingly similar to the registered trademark. Applying the principle of construction in *bonam partem*, the appellant cannot be regarded as being a bona fide 'person aggrieved' or a person who is lawfully aggrieved for the purposes of s 46(1)(b) of the TMA. Furthermore, if the appellant is to be regarded as a 'person aggrieved' for the purposes of s 46(1)(b) of the TMA, it would mean that all infringers may apply to expunge the very trademark they have been infringing and this would be contrary to the time-honoured principle of not allowing them to benefit from their very own wrong or unlawful act.

[19] It is also to be noted that the learned judge of the High Court did not decide the entire case on his finding as to whether the appellant was a 'person aggrieved' or not. From his judgment it can be seen very clearly that the learned judge went on further to consider whether there was any non use of the registered trademark by the respondent as the registered proprietor or by Gardenia, the respondent's registered user. In so doing, the learned judge clearly found that contrary to the conditions set out in s 46(1)(b) of the TMA, there was a continuous use by Gardenia as the respondent's registered user of the registered trademark 'squiggles' and also a continuous use by the respondent as the registered proprietor by reason of Gardenia's use of the registered trademark 'squiggles' qua licensee of the respondent.

[20] We shall now deal with the second question. It is noted that neither the High Court nor the Court of Appeal held that the 'registered user' referred to in the said s 46(1)(b) includes a person who has obtained a license to use the registered trademark but not registered as a registered user pursuant to s 48(1) of the TMA. What the learned judge found was that there was use of the registered trademark by the registered user Gardenia. The learned judge further found that in the alternative, there was use of the registered trademark by the registered proprietor, the respondent, by reason of the use thereof by its licensee, Gardenia.

[21] As regards the use by Gardenia as the respondent's licensee being equated to use by the respondent, the learned judge was right in holding that the contractual activities between OAF Ltd ('the respondent') and Gardenia are not refuted and undeniable. Accordingly, as a matter of law we are in agreement

with the learned judge that these activities must amount to use and attributed to OAF Ltd, even if Gardenia was not the 'registered user' in the context of s 48 of the TMA.

[22] On the third question posed in this appeal we are of the view the concept of 'registered user' has to be first understood in line with the provisions as provided for under Part IX of the TMA and its governing ss 48–52 and reg 81(2) of the Trade Marks Regulations 1997 ('TMR'). The application to register a registered user is governed by s 48(2) of the TMA which provides as follows:

> (2) Where it is proposed that a person shall be registered as a registered user of a trade mark, the registered proprietor shall submit an application to the Registrar for the registration of that person as a registered user of the trade mark and such application shall be accompanied by the prescribed fee and the following information:
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> (a) the representation of the registered trade mark;
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> (b) the names, addresses, and addresses for service of the parties;
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> (c) the goods or services in respect of which the registration is proposed;
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> (d) any conditions or restrictions proposed with respect to the characteristics of the goods or services to the mode or place of permitted use or to any other matter; and
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> (e) whether the permitted use is to be for a period or without limit of period and if for a period, the duration of that period.

[23] As can be seen from the said s 48(2) of the TMA the application to register a registered user is made by the registered proprietor of a given registered trademark accompanied by a prescribed fee and prescribed information.

[24] Regulation 81(2) of the TMR provides as follows:

> 81 Entry of registered user
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> (1) …
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> (2) The date on which the application was duly made under regulation 80 shall be deemed to be the date on which the person mentioned in the entry in the Register as a registered user was so registered.

Regulation 81(2) merely deems that the date of entry in the register as a registered user is the date on which the application was made. This regulation does not prescribe the scope of the registered user's use of the registered trademark.

[25] It is to be noted that the scope and duration of the registered user's use of a given trademark is however set out in the certificate of registered user. This is among the required information for registration of a registered user under s 48(2) of the TMA. In this case, the certificate of registered user vis-a-vis Gardenia sets out the following:

Maklumat Pengguna Berdaftar telah direkodkan seperti berikut:

Nama:	Gardenia Bakeries
Alamat:	Lot 3, Jalan Pelabur 23/1 40300 Shah Alam Selangor Darul Ehsan Malaysia
Senarai Barangan:	Seperti yang telah didaftarkan dalam Kelas 30.
Tempoh Penggunaan:	Sehingga 31.03.2011
Tempoh Kuatkuasa:	09.05.2001

[26] The courts have recognised that the effective period of use of a mark by a registered user may pre-date the date of application for registration of a registered user. On this point in the case of *E-Toyo Global Stationery Sdn Bhd v Toyo Ink Sdn Bhd & Ors; the Registrar of Trade Marks (interested party)* [2005] 1 MLJ 445; [2004] 7 CLJ 368, it was found that:

> 4. Since 25 July 2002, the second respondent became a registered user and has the licence or was authorised to 'use' the 'TOYO' mark on stationery goods by way of a registered user agreement which was duly registered on the trademarks register on 11 October 2002.
>
> 5. Since 3 March 2004, a third party, Toyo Stationery Corp (M) Sdn Bhd (not a party to this action) became a registered user and has the licence or was authorised to 'use' the 'TOYO' mark on stationery goods by way of a novation cum registered user agreement, which was duly registered on the trademarks register on 23 March 2004.

[27] As rightly found by the Court of Appeal there is nothing in s 46 of the TMA or reg 81(2) of the TMR which could be read to preclude the use of a trademark by a registered user to be in force retrospectively before the date of the application to register the registered user. We are also of the view s 48 of the TMA must be applied purposely and meaningfully, and must meet commercial realities and objectives. It cannot be right that a 'registered user' status, including the recognised period of use, takes effect only on the date of registration of the user status. Section 48(1) clearly recognises the pre-existence of the licensing agreement between the proprietor and the intended user by virtue of the opening words:

> where the registered proprietor of a trade mark grants, by lawful contract, a right to any person to use the trade mark …

CONCLUSION

[28] For the reasons abovestated our answers to the first and second questions are both in the negative and for the third question in the affirmative. Consequently we would dismiss the appellant's appeal with costs. We award a sum of RM25,000 to the respondent as costs. The deposit is to be paid to the respondent towards costs.

Appeal dismissed with costs.

Reported by Ashok Kumar